

AMENDED IN ASSEMBLY APRIL 23, 2007

AMENDED IN ASSEMBLY MARCH 29, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

## ASSEMBLY BILL

**No. 1574**

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**Introduced by Assembly Member Houston**

February 23, 2007

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An act to add ~~Section~~ *Sections 1098 and 1102.6e* to the Civil Code, relating to real estate ~~disclosure~~.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1574, as amended, Houston. ~~Real estate disclosures: estate.~~

Existing law permits various fees to be included in the price of a residential real estate transfer. Existing law requires the disclosure of specified attributes of residential real property prior to the transfer of title, including disclosure of a continuing lien levy of special taxes, as specified.

This bill would require a seller of property upon which a residential unit is constructed that is first transferred to a buyer on or after January 1, 2008, and which is subject to a covenant, condition, or restriction imposed by the original seller requiring payment of a fee at the time of conveyance, to make a specified disclosure and to record this disclosure in the chain of title. The bill would require that the disclosure include the amount of the fee required or a description of how the fee is calculated, the entity or entities to which funds from the fee will be paid, and the general purpose for which funds will be used. ~~This bill would also make a related statement of legislative intent.~~ *The bill would also provide that a privately imposed fee on that real property is void unless the fee serves a regional benefit, provides a benefit to the property*

*upon which the fee is imposed, or is a fee or payment that is required under conditions that serve to discourage speculative purchases.*

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. (a) It is the intent of the Legislature to enact~~  
2     ~~legislation to restrict the imposition of privately imposed fees~~  
3     ~~applicable upon the transfer of real property that serve neither a~~  
4     ~~public benefit nor a specific benefit to the property upon which~~  
5     ~~the fee is placed. It is not the intent of the Legislature in restricting~~  
6     ~~these fees to prohibit a private person or entity from imposing a~~  
7     ~~fee, charge, or payment to discourage speculative purchases.~~

8     ~~(b) It is further the intent of the Legislature to enact legislation~~  
9     ~~to require adequate disclosure of privately imposed fees applicable~~  
10    ~~upon the transfer of real property to owners of real property in~~  
11    ~~situations in which the property has been transferred prior to~~  
12    ~~January 1, 2008.~~

13    ~~SECTION 1. Section 1098 is added to the Civil Code, to read:~~  
14    ~~1098. A privately imposed fee that is first imposed on or after~~  
15    ~~January 1, 2008, and applicable upon the transfer of real property~~  
16    ~~described in subdivision (a) of Section 1102.6e is void unless any~~  
17    ~~of the following apply:~~

18    ~~(a) The fee serves a regional benefit.~~

19    ~~(b) The fee provides a benefit to the real property upon which~~  
20    ~~the fee is imposed.~~

21    ~~(c) The fee is a fee or payment that is required under conditions~~  
22    ~~that serve to discourage speculative purchases.~~

23    ~~SEC. 2. Section 1102.6e is added to the Civil Code, to read:~~

24    ~~1102.6e. (a) This section applies to all transfers of real property~~  
25    ~~for which both of the following apply:~~

26    ~~(1) The property upon which a residential unit has been~~  
27    ~~constructed is transferred to the first homebuyer on or after January~~  
28    ~~1, 2008.~~

29    ~~(2) The property being transferred is subject to a covenant,~~  
30    ~~condition, or restriction, placed on the property by the original~~  
31    ~~seller requiring payment of a fee at the time of conveyance of the~~  
32    ~~property.~~

1 (b) (1) In addition to any other disclosure required pursuant to  
2 this article, the seller or any real property subject to this section  
3 shall provide an additional disclosure statement containing the  
4 information described in paragraph (2) and shall record this  
5 statement against title to the property.

6 (2) The disclosure statement shall include all of the following  
7 information:

8 (A) The amount of the fee required or a description of how the  
9 fee is calculated.

10 (B) The entity or entities to which funds from the fee will be  
11 paid.

12 (C) The general purpose for which funds from the fee will be  
13 used.

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